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INTRA-EUROPEAN CLEARING

The Payments Agreements Scheme which has been worked out by the O.E.E.C. experts and is now reported to have been accepted by the American Administration undoubtedly represents an important step towards the acceptance of the need for applying the principle of monetary discrimination in European reconstruction.[1] The main provisions of the scheme according to unofficial reports are as follows :

Part of the local currency segregated in special accounts under the bilateral agreement concluded with the U.S. and representing the proceeds in the currency of the recipient country of goods supplied under Marshall Plan grants, is to be used to grant intra-European credit. These amounts are to be supplemented by additional credits to those countries which show a deficit even in intra-European trade and the accumulated debit balances are to be consolidated. On the basis of these funds the limited regional clearing system operated by the Bank for International Settlement (as the I.M.F. is precluded from operating clearing schemes as contrary to its basic charter) will be generalised.

The scheme as it stands, or rather as it appears from such details as have been published, does not seem altogether free from certain dangers. It apparently provides that the countries which, though recipients of Marshall Aid, have credit balances with other recipient countries will not receive *more* dollar grants than originally planned. Their original grant will be divided into two parts. The first of these will be equivalent to the counter value in dollars of their credit balances with other E.R.P. countries. The second will be a balancing item fixed, apparently, in such a way as to make up together with the first the total original E.R.P. grant.[2] By this means the Intra-European creditors cannot obtain increased E.R.P. grants until they have extended credit up to the original grant.[3] Thus the original intention

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[1] The importance of monetary as distinct from non-monetary discrimination was discussed in my essay ' The International Implications of Full Employment ' in ' *Economics of Full Employment*, Oxford University Institute of Statistics, 1944, pp. 155, 157.

[2] Net creditor countries, *e.g.* Belgium, however, will be enabled to draw upon the I.M.F. up to the surplus of their frozen export surplus over and above their E.R.P. grant.

[3] The *credits* (in contrast to the *grants*) given to Western European countries are outside of this arrangement altogether. The domestic currency received by the European Governments if they sell the (capital) goods obtained for them remains at their free disposal (part of the loans will presumably be used for the development programmes of the Government itself in which case the loan diminishes the extent of borrowing in the domestic market). These amounts will, however, presumably also be used in an identical manner for deflation or capital investment. Precise data on the terms of the loans are not available. The British, according to newspaper reports, are at 2½ per cent with fair repayment terms subject

[Footnote continued overleaf

to use the proceeds in home currency of the original E.R.P. grants either for deflation by buying the floating debt outstanding of the receiving country or alternatively for internal investment purposes (in so far as they have not been ear-marked—up to 5 per cent—for American administrative expenses or the strategic stock-piling programme of the U.S. on the basis of the Economic Co-operation Act) is to be modified. The Intra-European creditor countries might perhaps be assumed to have deflated more or inflated less than those members of the E.R.P. which show not merely a dollar deficit but also an intra-European deficit; hence this alternative use of the ' segregated ' funds might not be too objectionable from the point of view of European *global* monetary equilibrium.

Unfortunately, however, there is reason to fear that the proposed scheme might result in a reduction of the *internal investment programme* of the ' intra-European creditor ' countries, among whom Britain is the second largest. But even if this were the case, no objection could be raised if it could be shown that the debtor E.R.P. countries are debtors *only* because their capital investment is more urgent (and higher yielding relatively to their means, than in those countries which in their intra-European trade are creditors and that the additional credits extended would be used to increase their investment programme. In that case, and only in that case, might it be assumed that this further help to intra-European debtors would contribute more to the increase of total European production and therefore to the reduction of the global dependence of Europe on overseas countries, than if capital investment were to be maintained or increased in the intra-European creditor countries. This however would only be the case if the general economic and social policy in all European E.R.P. countries were *similar*. Obviously this is not so. In France and Italy decontrol combined with fiscal incapacity and administrative incompetence have produced a serious open inflation which is responsible for the aggravation of their unfavourable balance. The device of granting them further credits financed out of the segregated accounts of the other European countries tends to transmit this open inflation into the controlled economies.

A satisfactory solution of the problem could only be arrived at if the clearing device were used to *enforce planning* in these countries and if it were accompanied by an overall plan strictly limiting this use of E.R.P. funds. Moreover some sort of incentive ought to be provided to limit intra-European deficits without unduly restraining intra-European trade. This might be achieved if part of the basic E.R.P. grant to any country could be earmarked

to escape clauses. From a purely financial point of view the terms seem generous. But as we have pointed out on the occasion of earlier transactions, the possibility of transfer is not determined unilaterally by the policy of the debtors. The readjustments required in Western Europe after the cessation of Marshall Aid are so formidable in any case that further burdens might not be carried. That burden might be relieved by conscious planning, *e.g.* bu further investment programmes outside Europe undertaken with the financial help of the U.S. This might enable Europe to find dollar markets for its produce and thus earn the foreign exchange needed to repay the U.S. credits. Otherwise the prognosis for European solvency is not bright.

for paying of intra-European deficits and not merely for European offshore purposes which is unduly restrictive. Thus incidents like that of France using Marshall aid funds to purchase tractors in the U.S. when they are available in Britain could be avoided without opening the door for the opposite abuse, because this procedure would throw the onus of seeing that indiscriminate *imports* are not permitted upon the *buying* and not, as it is now, on the *selling* country.

These considerations strongly support scepticism about the feasibility of a speedy unification, not to say federal union in Europe. What could at most be attempted is preferential arrangements coupled with co-ordinated investment programmes which might slowly bring about more uniform conditions in Europe and thus make a more intimate arrangement possible. But if we take into account the more or less complete failure of the French investment programme as a result of the decontrol in France, it is difficult to envisage a co-ordination of investment between countries which have no controls in being. The premature decontrol in Italy and France has seriously reduced the chances, such as they were, for effective European co-operation. The American Administrator indeed declared his support for ' four year programmes of action . . . stated in terms of production in agriculture and in key industries, in part in terms of exports and imports of key commodities . . . In addition to the programmes of each of the countries the O.E.E.C. should have a four year plan of action of its own . . . The four year plan of action should be supplemented by four one year programmes so that at at the end of each year progress could be measured.' It has not been explained, however, how such programmes can be implemented and enforced in countries which have abandoned controls in favour of returning to a free market economy.[1] The U.S. economic experts have travelled a long way towards the understanding of the basic European problem. It is to be feared, however, that changes in the European political scene inimical to collaboration came even quicker.

T. Balogh.

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[1] For those who oppose planning despite the warning example of Italy and France, a political union in which the adherents of planned economy are outnumbered might be attractive. It is more difficult to comprehend those protagonists of a European Assembly who in domestic affairs resolutely oppore laisser-faire because of the concomitant unavoidable social injustice and unsettlement which must retard economic reconstruction. This does not mean that we should not co-operate in establishing a strong economic unit in Europe. But the methods used must be chosen so as not to endanger domestic stability in any of the participating countries. Controlled and uncontrolled economies can work together and even increase the intimacy of their interdependence. But their co-operation must remain on the Governmental and official level. It is from this point of view that the apparent lack of initiative of the British Government in the work of the Permanent Organisation of the 16 European nations might be regrettable.

THE FALL IN CONSUMPTION :

1. A FURTHER COMMENT

Mr. Harrod's rejoinder is an example of the doctrine that the best form of defence is attack. He seeks to discredit his critics by drawing attention to what he claims to be flaws in their arguments. He then says in effect : ' How can you take seriously this pontifical man, who makes a howler in the central calculation and who deliberately misleads the non-expert reader ? ' I would suggest to Mr. Harrod, in all humility, that this kind of rejoinder is not appropriate for a statistical discussion.

Mr. Harrod writes : ' Mr. Worswick claims that by making changes which are altogether plausible in my assumptions, he obtained widely different results. This claim is the substantial point in his paper, and must be examined. He makes two attempts to justify it, by one of which he reduces the fall in consumption to zero and by the other of which he obtains a much greater fall in consumption.' I am sorry if Mr. Harrod has this impression from my paper. I have re-read it very carefully and I frankly do not see that this is a fair statement of its content. On the contrary, I was somewhat embarrassed by the large number of points where Mr. Harrod's argument seemed to me wrong, or lacking support of evidence, and I was obliged to select a few points for thorough treatment, merely making a list of other points in my Section IV.

The rise or fall in the final estimate following from changes in Mr. Harrod's Table IV was *one*, but by no means the only substantial point in my paper. I followed it up in some detail, because Mr. Harrod's first exposition was extremely hard to follow. I gave an algebraical treatment, not to confuse, but to enlighten the reader. That this was necessary is implicitly admitted by Mr. Harrod at two points in his rejoinder. Having established the algebra of Table IV it was an obvious advantage to express directly the effects of changes in what I called c_e and p_e on the final result. Mr. Harrod's later argument did not require and did not receive algebraical treatment. One could, of course, express the final result in terms of many variables, one variable for each arbitrary assumption, and then see what happens when each is changed in a plausible way. But, as Mr. Jackson pointed out, there are at least 23 arbitrary assumptions ! Before dealing with the points of substance raised by Mr. Harrod in his rejoinder I must, in view of his account of my article, re-emphasise that the validity of his estimate does not turn on these points only.

1. *The Profits Figure.* In his original article and in his rejoinder Mr. Harrod repeats time and again that profits per man year of employment were the same in the three sectors, home consumption, net additions to capital and exports in both 1938 and in 1947. In my reply I queried both statements, though I did not go into the matter at all thoroughly. It is worth following it up.

Throughout the inter-war period the export industries had a bad time. The terms ' sheltered ' and ' unsheltered ' industries were common coin in the economic writings of that period. It is notorious that many businesses concerned with trade in both markets used to sell at prime cost for export, looking to the home market for all their profits. Government was much concerned in various ways to assist industry to overcome export difficulties. It is likely that in most years profits in export were below and often very much below profits in the home trade. 1938 in particular was a bad year for exports. There was a general fall in overseas demand in that year: in particular the events in Europe probably caused some outright losses. Let us assume that profits in export in 1938 were one-third *less* than the average in all industry.

In 1947 the position was quite different. There was a sellers' market abroad, order books were full for years ahead. There is much evidence that in the field of machinery at any rate, British firms were complaining that machine makers were exporting their products to the detriment of home investment. (And this was not in many cases the result of Government policy, but simply the preference, presumably on profit grounds, of the machine-makers). Furthermore, over a very wide range of home production prices and profit margins were subject to fairly strict control, while export prices were free. Let us put a figure for export profits one-third *greater* than the average.

I have reconstructed Mr. Harrod's Table IV on this basis with the following result.

TABLE IV

Average money cost of production per man year of employment, assuming output per man to be the same as in 1938

1947 (Base 1938)

	(i) *Home Consumption*	(ii) *Net additions to Capital*	(iii) *Exports*
Wages	50.9	92.3	98.8
Salaries	37.7	7.5	7.5
Rent	9.0	1.0	1.0
Profits and Interest	45.1	45.1	63.0
Imports	25.7	34.0	62.0
	168.4	179.9	232.3

The figures for Salaries, Rent and Imports are of course the same as in the original Table IV. The wages figure in exports is higher, and in the other two columns slightly lower, because these figures are derived in Table III as residuals, and then raised equiproportionately.[1] The figure 63.0 for profits is one-third greater than the overall average of 47.3. Since the total of the export column turns out rather greater than the others, this means that I am in fact assuming that profit margins, expressed as *percentages*, are less than one-third greater than the average.[2]

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[1] In regard to wages I followed Mr. Harrod's original procedure and preserve the weighting 6 : 1 : 1.

[2] By the same token, in taking equal absolute money profits per man year of employment Mr. Harrod is postulating that profits as a *percentage* of costs per man year were lower for exports in 1947 than the average. If he postulated equal percentages he would have to raise his export profits figure some 10 points.

If we now follow through the rest of Mr. Harrod's procedure we get no ' fall in consumption '. If, instead of assuming profits to be one-third less than the average in 1938, we took them to be one-half of the average (per man year of employment) but keep the same assumption for the excess of one-third in 1947, the figures come out at $c_h=166.6$, $c_i=177.9$ and $c_e=241.9$, giving a ' rise in consumption '.

In passing we note that Mr. Harrod's peculiarly tendentious way of presenting, in terms of the ratio of increments, the illustration I gave in my first reply depends upon his assuming profits to be uniform in 1938. In order, however, to forestall a similar criticism I will re-formulate the result of my new calculations as follows. In absolute terms, I am taking the profits item in column (iii) from 17 to 63, *i.e.* raising it over ***three-and-a-half times***, which is the same as taking it up from one-third less than the average to one-third more than the average when the average itself is almost doubled.[1]

The above paragraphs merely show the result of putting in certain alternative figures for profits. There remains the economic question whether such figures are plausible. I myself think they are. The qualitative evidence that profits in exports in 1938 were lower and in 1947 higher than the average is very strong indeed. Exactly how much different from the average we do not know, but I regard figures of one-third less in 1938 and one-third more in 1947 as not at all unreasonable, and I do not regard a figure of one-half the average for 1938 as beyond the bounds of possibility. Moreover, even if the difference from the average were in one or both years less than I have postulated, the alteration to Mr. Harrod's final estimate would still be large. Only if he can produce positive evidence that the profit figures were uniform, or very nearly so, can Mr. Harrod argue that the difference between his figure and the White Paper is a significant one. This, of course, without prejudice to other sources of error in his calculations.

2. *The question of weights.* In my section II I claimed to have found a logical contradiction in Mr. Harrod's construction of Table IV. I think this is formally correct, but the implications for Mr. Harrod's procedure are not so damaging as I first thought. I may be permitted a further comment on the methodology lying behind this intricate table.

The object is to obtain a measure of the fall in ' efficiency ' in industry. Consider for a moment a homogeneous and unchanging unit of product, a brick, say. We obtain independently (1) the change in the price of bricks between 1938 and 1947 and (2) the change in the cost ***per man-year of employment*** for the same brick. If these figures, which are both expressed as changes in money values, came to the same, it would follow that physical output per man-year had not changed. If, however, the index of cost ***per man-year of***

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[1] I am afraid I could not take too seriously Mr. Harrod's colourful account of my treatment of the profits point. Why the reader should ' naturally imagine ' that I proposed a change in the general index of profits I do not know. Six lines before I mentioned the ill-fated figure of 42.3, I had written : ' Now a change of 1 point in the profit item in column 1 of Table IV leads to a change of 6 points in the same item in column 3 '. I was, I admit, assuming that the reader could do the sum 5 x 6, add the result to 47.3 and get 77.3. If he could not, he might have been misled.

employment is lower than the index of price *per unit of output* this indicates, and gives the measure of, the fall in productivity[1] per man-year. This, I take it, is the fundamental proposition on which Mr. Harrod is basing his calculations.

The above procedure is clear and unambiguous so long as we are dealing with a homogeneous product.[2]

I turn now to the procedure I followed in my Section II, which Mr. Harrod describes as crudely erroneous. The value of exports taken from the trade returns is very roughly equivalent to Mr. Harrod's Mélange for the whole economy. The former is equal to the sum of money payments made to the factors of production (Wages, Salaries, Rent, Profits and Interest) *plus* the payments for imports contained in exports. There may be certain differences in the content of ' value of exports ' and Mélange, *e.g.* net indirect taxes. But they are not important in this context.[3] Thus my figure of 186.2 expresses for exports *exactly* what Mr. Harrod's 177.806 expresses for the whole economy. It would, of course, be a much less certain figure to calculate directly because of the lack of knowledge of employment in exports. But methodologically it is identical. Why then does Mr. Harrod give me such a caning for following his own procedure ?

Further, if we obtain similar figures for the home consumption sector and for net additions to capital, it is easy to follow the logic of the weighting systems. If 8 : 1 : 1 and 6 : 1 : 1 are employment weights and the cost indices are calculated in the way outlined above, then not merely do the total cost indices when weighted 6 : 1 : 1 add up to the total cost for the whole economy, but the same is also true of each constituent element in Table IV, *e.g.* rents, or wages.

How, then, can my figure of 186.2 be reconciled with Mr. Harrod's 202.3 ? Surely they ought to come out the same. *One* answer can be found in the following way. Instead of putting weights 6 : 1 : 1 for 1947, put weights x : 1 : 1. Then, following Mr. Harrod's method for the cost per man year of employment in exports, obtain a figure $c_e = f(x)$. Following my method, obtain a figure $c_e = \phi(x)$. Put $f(x) = \phi(x)$ and solve for x. This will give employment weights that will lead to the same cost figure either way. In Mr. Harrod's original calculation of c_e, the figures for imports and profits are altogether independent of weights; changes in the weights increase the wages item while they diminish the items rent and salaries, or *vice versa*. The net result is only a small change in c_e and, incidentally, in c_h which is also needed for the final calculation. The reconciliation is thus achieved almost entirely by the movement of my figure towards Mr. Harrod's.[1]

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[1] The fall in productivity may be conceived in three ways : (1) As a fall in the numbers of *standard* bricks produced per man-year; (2) as a decline in the quality of bricks, the same *number* of bricks being produced ; (3) as a combination of (1) and (2). The comparison of price per unit and cost per man-year of employment cannot tell us which of these three alternatives has occurred.

[2] So long as ' price ' includes all the elements included in ' cost. ' If we assume that prices in both 1938 and 1947 were on a ' full cost ' basis, Mr. Harrod ought to have used gross profits (including depreciation)and not net profits in his calculation. This raises the awkward question of accounting periods.

[3] In so far as the value of exports *includes* net indirect taxes, it is more appropriate than the equivalent Mélange, since the export price index also includes net indirect taxes. In all this section I am leaving out of account the time-lag question. This is in order to simplify the exposition. The time lags do in fact raise serious difficulties, which I do not myself see how to overcome. But that is Mr. Harrod's problem.

I was, I think, right to point to the logical contradiction, but wrong in claiming that it vitiated his argument. The *practical* effect of changes in the weights in Mr. Harrod's procedure is quite small. On the other hand, it is worth noting that the particular assumptions made by Mr. Harrod, with regard to imports, profits and so on, do logically imply the change in employment in exports. There is a unique solution for x.

This would clear up my Section II, but for the fact that Mr. Harrod gives an entirely different explanation of the discrepancy. According to him, my figure relates to actual exports as entered, his to exports presumed of identical quality as in 1938. Their ratio would measure the decline in quality. I do not understand this. My figure is a ratio of the sum of factor payments to total employment. His is the same kind of thing. My figure, certainly, can say nothing whatever about quality[2]. Quality and efficiency come in, it appears to me, when we compare cost *per unit of employment* with a price *per unit of output*. Does Mr. Harrod mean that the product of his c_e and employment in exports is *not* equal to Melange-exports ? If so, on what grounds does he use employment weights for his three separate indices making their weighted average equal to actual Melange 1947 ?

If Mr. Harrod's explanation of the discrepancy were correct it would lead to yet another paradox—I had better not say contradiction. It will be remembered that I also calculated by the same 'erroneous' method, *i.e.* increase in Melange divided by increase in employment, an index of the cost per man-year of employment for home consumption. My figure was 170.2 against Mr. Harrod's 172.4. Is this also the measure of the decline in quality in the home consumption sector ? If so it is *less* than the decline in exports. Yet Mr. Harrod insists throughout that the decline in quality of home consumption goods was greater than in exports, even to the point of suggesting a fall of 14 per cent in the former, with the latter unchanged.

The economic reasoning lying behind Table IV is important for a further reason. So far, in what I have written above, I have assumed that output consisted of one homogeneous product. But it does not in fact. Exports in 1947 consisted of goods, in different proportions, and using factors of production in different quantities, whose relative prices have changed sharply since 1938. What is true of exports is true also of the division between the three broad sectors, home consumption, additions to capital and exports. Many possible index numbers of cost per man-year of employment could be constructed *from the same material* which might diverge widely. Under the stimulus of my criticism Mr. Harrod has revised his procedure for Table IV. It is now a curious construction. Wages are raised in proportion to the total, *i.e.* are still weighted 8 : 1 : 1 in Table IV. The other items are weighted 6 : 1 : 1, the totals being somewhere in between. To criticise such a procedure on logical grounds is clearly beside the point!

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[1] In fact there was also a discrepancy between Mr. Harrod's figure of 172.4 and my figure of 170.2 calculated in the same way for home consumption. This contradiction can also be removed by putting weights x : y : 1 and obtaining two equations to solve for x and y.

[2] Exactly the same quantities of materials, labour, etc. for which exactly the same money payments were made, could have been used in 1947 to produce products of lower or higher quality than the goods actually exported. After making the kettles, the workers might have given them all a good dent. If these inferior kettles had been sold for the same price as those actually sold, my figure would still come to 186.2. Or, alternatively, fewer, more solid, kettles could have been sold at higher prices to yield the same result.

Mr. Harrod chides me for getting lost in his maze. His explanation of the discrepancy between my 186.2 and his 202.3 suggests that he may not be altogether sure of the layout himself. He has now pushed one or two of the bushes about to make it a little more difficult, and I confess I do not know where I am. Perhaps Mr. Harrod will help me out by answering the following question. What is the economic reasoning which makes the present construction of Table IV the most suitable to obtain an index number of the cost per man-year of employment, which is to be compared later with an index number of export prices, constructed for roughly one half of total exports by value, and whose weights are the 'estimated quantities of those items to be exported in 1948'?

3. *The E.C.E. Index.* In the course of his rejoinder, Mr. Harrod reasserts that he was right to allow for a quality decline in his calculations based on the E.C.E. index of production. But I went on to point out that, even accepting his argument, the final 'fall in consumption' obtained from E.C.E. was 7 per cent per head, which contradicted his earlier 14 per cent fall. Since to deal with this point will not implicitly claim any greater accuracy for his original calculations, perhaps Mr. Harrod will give me the courtesy of a reply.

Mr. Harrod appears to take some offence that his calculations should have been subjected to a close scrutiny. 'It is to be hoped,' he says, 'that my jottings will stimulate work on these lines. So far they have only provoked unnecessarily lengthy demonstrations that they are but jottings—a fact which was admitted from the beginnning.' If they were but jottings, some primitive calculations, surely the proper procedure was to submit them to some competent person or persons for comment, or else to publish them in an academic journal, with appropriate cautions. But Mr. Harrod began with a 'challenge' in a letter to a national newspaper, *The Economist.* He is himself a very well-known figure, and he has for some time past been arguing that our 'hardships' are great and unnecessary. He could hardly have expected his calculations on this important subject to pass unnoticed by all except a few specialists. Was he surprised and horrified by the wide publicity in other newspapers which his estimates have received? Throughout the correspondence in *The Economist* Mr. Harrod maintained that his estimates were firm enough to prove the White Paper wrong. 'I conclude,' he wrote, 'that unless evidence is produced to the contrary we may assume that consumption per head is down by 15 per cent, with a margin of error.'

He cannot have it both ways. Either he regards his estimates as valid, in which case he ought to be prepared to defend them against criticism, or they are mere jottings which do not bear close examination, in which case he should withdraw them.

G. D. N. WORSWICK.

2. A FURTHER NOTE

It emerges from his rejoinder that in spite of the wide publicity he gave to his conclusions Mr. Harrod himself regarded his calculations as 'but jottings' and his statistical methods as 'perfunctory'. By implication Mr. Harrod accepts, I am glad to note, all but two of the criticisms I made of his calculations. I will deal as shortly as I can with the two points still at issue.

1. Mr. Harrod thinks that war-time and post-war 'difficulties in the conduct of one's private life' are likely to have reduced the amount of effective work done by professional men. He may be right: I had charitably assumed that the main impact of such difficulties fell on one's leisure hours. If I am wrong, it only shows the foolishness of generalising from one's own, necessarily limited, experience. I am still puzzled by Mr. Harrod's confidence on this interesting point; doctors and dentists are more overworked now than before the war, school teachers face bigger classes, university lecturers have more pupils than ever before and yet find as much time for public affairs, civil servants work longer hours. Where are the fortunate few who manage to do less work? But in any case, the point, though interesting, is trivial.[1]

2. Mr. Harrod's list of the factors that determined the level of personal consumption in 1947 was incomplete, since it omitted any mention of the extent to which this country supplemented its income by borrowing from abroad. I pointed this out: nothing in Mr. Harrod's entertaining attack on my professional competence has shown that it is illogical to see a connection between the deficit on our overseas account and the level of our personal consumption.

E. F. JACKSON.

3. A REJOINDER

Mr. Jackson refers to my 'entertaining' attack, thus apparently seeking to laugh off his mistake. This will not do. The list of factors, which I cited in my question (twice set out in these pages) relating to our level of consumption, subsumed already the benefits which we were deriving from our £675 million net deficit. In replying to the question Mr. Jackson brought it in as a further item. This was an error in logic.

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[1] I never had the idea that the majority of the middle-classes enjoyed 'a large margin of redundant leisure' in the 'thirties, nor can I understand what led Mr. Harrod to think I had.

Mr. Worswick returns to the charge, on the question of profits in the export business. He advances cautiously this time with what he takes to be plausible assumptions, namely that profits and interest in the export business were one-third below the national average in 1938, and one-third above it in 1947. These assumptions strike me as lacking in statistical judgment. It is to be remembered that we are dealing with an index covering a very wide range of articles; it stretches far not only horizontally, but also vertically, including the profit and interest accruing to the firms making all the components and materials (save for those imported) which enter into our exports, for example the profit earned on the coal embodied in our steel exports. One might find this greater range of profits a third up or a third down by comparison with the national average in times of extreme currency disorder or foreign exchange collapse, but not, I think, in such years as 1938 and 1947. It may be convenient to present Mr. Worswick's assumptions in tabular form :—

PROFIT AND INTEREST INDICES

	1938	1947
Commodities entering into exports	16.4	63
Rest of field	25.4	45.1

Thus money profit per man employed in the export range is assumed to have almost quadrupled, while profit in the rest of the field was only up 77.6 per cent.

Those producing for export buy many components which are also used in production for the home market and pay the same prices for them. The export profits index should, therefore, be split into the part relating to these common items and the remainder. The profit and interest on the former should presumably be set down at the rate prevailing in the rest of the field. The following table sets out the profit and interest indices on three assumptions, namely that in 1938 the fraction of export values contributed by 'common items' was one quarter (assumption 1), one third (assumption 2) and one half (assumption 3) respectively.

PROFIT AND INTEREST INDICES

		1938		1947	
Rest of field		25.4		45.1	
Commodities entering into exports (Assumption 1)	Common items	6.35	16.4	11.3	63
	Exports proper	10.05		51.7	
Ditto (Assumption 2)	Common items	8.35	16.4	15.0	63
	Exports proper	8.05		48.0	
Ditto (Assumption 3)	Common items	12.7	16.4	22.55	63
	Exports proper	3.7		40.45	

Thus on these assumptions Mr. Worswick's hypothesis involves money profit and interest per man employed on exports proper being multiplied between 1938 and 1947 by something between 5 and 11 times, while profit and interest in the rest of the field were only up 77.6 per cent. I do not credit this.

Mr. Worswick holds that there were other points in his initial reply of no less importance. I contend that the various margins of error, to which he drew attention, were not sufficient to affect my general result materially. I have confined myself to Mr. Worswick's only detailed attempt to break this contention down, namely his variation of my assumption regarding export profits. Mr. Worswick states that I made 23 arbitrary assumptions. This gave him a wide range of choice and exposed me to a wide range of attack. If my assumptions had been such as to help me illegitimately to my conclusion, it would surely have been possible to show this, by varying some of the assumptions within reason, or by substituting fact for assumption. I stand by my appellation of my calculations as ' jottings ' ; so far from being disposed to withdraw them, I am encouraged by the negative result of the criticisms to reaffirm them.

May I observe that I did not suggest that Mr. Worswick's algebraic treatment was designed to ' confuse ' the reader. I referred to it as ' convenient '; and I am quite ready to praise it more highly ! What I did hint was that an elaboration of this sort does not guarantee that the underlying statistical thought is correct. ' Jottings ' may be correct in essence, while a more elaborate set-up may be lacking in statistical judgment. I submit, with respect, that my jottings contain no example of faulty judgment comparable with Mr. Worswick's hypothesis about export profits.

My second main charge against Mr. Worswick was that my rough weights for numbers employed on exports, etc., which I used after making sure that substantial errors in the weights would not perceptibly affect the result, were used by him for a calculation in which errors would have a big effect on the result, in order to obtain a discrepancy with my figures. That charge remains. On the other hand, on reflection, I think that the explanation I gave of the discrepancy so arrived at was wrong, and that Mr. Worswick is in the right. My explanation was due not to being ' not altogether sure ' of my own layout, but to failure to appreciate Mr. Worswick's. I withdraw my explanation, with apologies for having given trouble. There is, indeed, a solution for Mr. Worswick's ' x '; to obtain it would be laborious and the effect on the conclusion (as Mr. Worswick concedes) quite small.

In regard to the E.C.E. index, I suggest that the increase in employment in those industries, which Mr. Worswick in his first reply calculates as ' at most about 12 per cent ', and a reasonable postulate about decline in quality, which I am entitled to bring into the reckoning here, may be sufficient to reconcile the E.C.E. index with my postulated decline in efficiency of 12 per cent.

Finally, may I summarise the matter in a way which I hope does no dishonour to the virtuosity of my critics ? To obtain the volume of 1947 consumption, the White Paper deflated present prices, net of subsidies and taxes, in a way which assumed that prices on average had risen by 61 per cent since 1938. We know that wages, import prices, profits, etc., have risen in a substantially higher proportion, and that salaries and rents cannot have availed to pull the cost cum profit index down to 161. The postulated price index could only be reconciled with what we know of costs, if output per man year had greatly increased. Furthermore we know that a smaller fraction of our man-power was devoted to the production of consumer goods than in 1938 and that imports were down. Therefore the supply of consumer goods and services cannot have been maintained unless output per man year had increased. Thus both lines of thought lead in the same direction. But we have sufficient testimony from producers that output per man year was down rather than up. And we have the evidence of our export prices, which have risen more than wages, etc., and therefore imply a decline in output per man year. (Export prices are an important index because in the case of exports there is less margin, albeit some, for a decline in quality). This last point could only be met, if it could be shown that very high profits were being made in the export business. Hence Mr. Worswick's assumption of high export profits in both his notes. I have shown that the rise of profits required to reconcile the figures would be greater than it is reasonable to assume. There may have been some relative rise in profits in the export business; if so, it is important that the Board of Trade and Treasury should take note. There can hardly have been so great a rise as to account for the export price levels unless at the same time we make the assumption that there has been a loss of efficiency. I conclude that domestic consumption was substantially down. The White Paper, very properly, makes a caveat about quality; complaints of a decline of quality are universal; this factor may account for much of the discrepancy. Meanwhile the consumer may have recouped himself for some fraction of the loss of consumer goods made available to him, by crowding into vacant accommodation, sitting or standing, in trains and cinemas.

R. F. Harrod.

SOME INTERNATIONAL ASPECTS *of the* STRIKE MOVEMENT

THE RESULTS OF LABOUR DISPUTES[1]

All official statistics concerning labour disputes give some information about their ' results '; it is shown for each year how many of the labour disputes ended ' in favour of the workers ', how many ' in favour of the employers ' and how many ' by compromise ' (though the United States terminology has been different since 1927 (see note 3, page 302). Some of the official statistics also present the results by numbers of workers involved in each of the three groups, thus taking into account the different importance of the disputes; but they are not given for all countries.[2] For this and other reasons we have also to pay attention to the results ' by disputes '. Absolute annual figures in each group are of course not comparable internationally, or over time, since they reflect, in the first instance, the frequency of disputes and the total numbers of workers involved in disputes respectively in each year. Relative percentage figures do, however, give some indication how far the workers succeeded in their struggle for better labour conditions, how far the employers succeeded in resisting them in each country, and they seem to show the different attitudes towards compromise in labour disputes.

1. GENERAL COMPARISON

The figures in the first part of Table II (whole of the period covered by statistics) are nearly the same as in the second part of the table (common period). But there are important differences between the left and the right hand side of the table. Results in terms of workers involved are throughout characterised by a higher ratio of compromises and by a lower ratio of disputes ' in favour of the workers '. That probably means that compromises prevail relatively in larger disputes, and that complete workers' victories are more frequent in small disputes. These are features common to all countries. As to complete employers' victories, there is less international agreement; on the whole it seems that they are also more frequent in small disputes (if we leave out of account the general strike in Sweden in 1909), but in France they seem to play about the same role in large disputes as in small ones.

The following analysis is based mainly on the figures for the Common Period in terms of workers involved; but where necessary the other figures are taken as substitutes.

In all European countries the largest share is that of the compromise cases. Yet there are considerable differences among them : the largest figure is that for Sweden[3] (particularly if the General Strike of 1909 is left out of account), then comes Germany (judged from the figures by disputes) and the United Kingdom; there is less inclination towards compromises to be observed in France, and the least in the United States.[1] Over the whole period concerned, Table II gives apparently a fairly clear picture of the international differences in this respect; we shall point to some qualifications when using the same kind of figures for observing the trend.

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[1] The first part on ' The Strength of the Movement ' appeared in the BULLETIN for January, 1948.

[2] American statistics from 1880 to 1905 present the results in none of these ways but ' by establishments ' involved only.

[3] In more recent sub-periods the ratio of compromises in Swedish disputes amounted to 79 per cent in 1921–1935 and to 93 per cent in 1936–1943.

TABLE II

The Results of Labour Disputes
(Percentage of total disputes whose results are known)

Country	*Period*	*By disputes*			*By workers involved*		
		W	C	E	W	C	E
		1. *Whole periods covered by statistics*					
United Kingdom	1893–1943	26	36	38	21	51	28
	(without 1926)	(26)	(35)	(39)	(22)	(54)	(24)
France... ...	1890–1935*	22	38	40	13*	48*	39*
Germany ...	1901–1930	19	46	35	—	—	—
Sweden ...	1903–1943	27	49	24	7	61	32
	(without 1909)	(27)	(50)	(23)	(8)	(74)	(18)
U.S.A.† ...	1880–1937	41	20	39	—	—	—
	1927–1936	38	25	37	32	44	24
		2. *Common period* (*about* 1901–1935)					
United Kingdom	1901–1935	25	41	34	19	57	24
	(without 1926)	(25)	(41)	(34)	(20)	(61)	(19)
France... ...	1901–1935	21	39	40	13*	47*	40*
Germany ...	1901–1930	19	47	34	—	—	—
Sweden ...	1903–1935	28	47	25	7	60	33
	(without 1909)	(28)	(48)	(24)	(8)	(73)	(19)
U.S.A.† ...	1901–1935	34	25	41	—	—	—

W = In favour of the workers. (In U.S.A. since 1927 : substantial gains to workers).
C = Compromises. (In U.S.A. since 1927 : partial gains or compromises.)
E = In favour of the employers. (In U.S.A. since 1927 : little or no gains to workers.)
* The figures ' by workers involved ' for France apply only up to 1930.
† For the years from 1880 to 1905 results were given only ' by establishments ' ; the figures from 1906 to 1916 are estimated (Griffin).

There seems, however, at first sight hardly any way of judging from the figures presented in Table II the international differences in the achievements which the workers win by disputes. Considerably less disputes ended ' in favour of the workers ' than ' in favour of the employers ' in all countries with the exception of the United States; the differences are even greater when we examine the numbers of workers involved in them. On the average not more than 20—30 per cent of the *disputes* ended with a workers' success in the European countries; and the share of *workers involved* in them is even considerably smaller, in Sweden not more than 7 or 8 per cent on the average. (It is worth noting that in the United States where the percentage of workers' victories is very high, that of compromises is very low, and that inversely in Sweden a very low percentage in favour of the workers is connected with a very high ratio of compromises.) We cannot accept the percentage of results ' in favour of the workers ' (or its relation to that of results ' in favour of the employers ') as a fair indication of labour successes in different countries.

[1] The results in the United States from 1880 to 1905 were given ' by establishments ', which already presents a kind of weighted average (like the results ' by workers involved ') ; the percentage of compromises ' by disputes ' would probably be still lower. There are wholly comparable figures for the United States (' by disputes ' and ' by workers involved ') for 10 years only (1927–1936).

If we took the figures at their face value, that would not only mean that the achievements were very poor, it would also mean that they were largest in the United States and smallest in Sweden; this would hardly fit in with our general experience.

The crucial problem is how to apportion compromises which play such a dominant part in ending labour disputes and may, no doubt, also entail achievements for the workers.

An interesting attempt is made by the official Swedish statistics since 1915. They break compromises down by classifying them as ‘ mainly in favour of the workers ’, ‘ mainly in favour of the employers ’, and ‘ equal concessions ’. It is not quite clear where the borderlines lay, but in any case this new classification brings us not much further, as the following figures show.

TABLE III

Percentage of Workers Involved in Swedish Disputes (1915–1938)

	Settled in favour of the workers		Settled by compromise		Settled in favour of the employers	
	Completely	Completely and ‘ mainly ’	All compromises	‘ Equal concessions ’ only	Completely	Completely and ‘ mainly ’
Classification I ...	8		74		18	
Classification II ...		17		55		28

The achievements of the employers are, even according to the new classification, much larger than those of the workers. And the predominance of compromise cases, though somewhat reduced, remains. The question is only shifted from the meaning of compromises in general to that of compromises with ‘ equal concessions ’. We shall come back to this at the end of this paper.

2. The Changes in Results over Time

The graphs on Charts VI—VIII show the percentage share of each group (‘ in favour of the workers ’, ‘ compromises ’, ‘ in favour of the employers ’) year by year; they serve to illustrate both the long-term and the short-term movements.[1] The continuous lines give results in terms of disputes, the dotted lines in terms of workers involved. (The vertical lines indicate the years of cyclical booms). We observe again—as when examining Table II—that compromises take place predominantly in large strikes (the dotted line running above the continuous line) while inversely complete workers' victories and complete employers' victories are relatively more frequent in smaller disputes (the latter with the exception of France).

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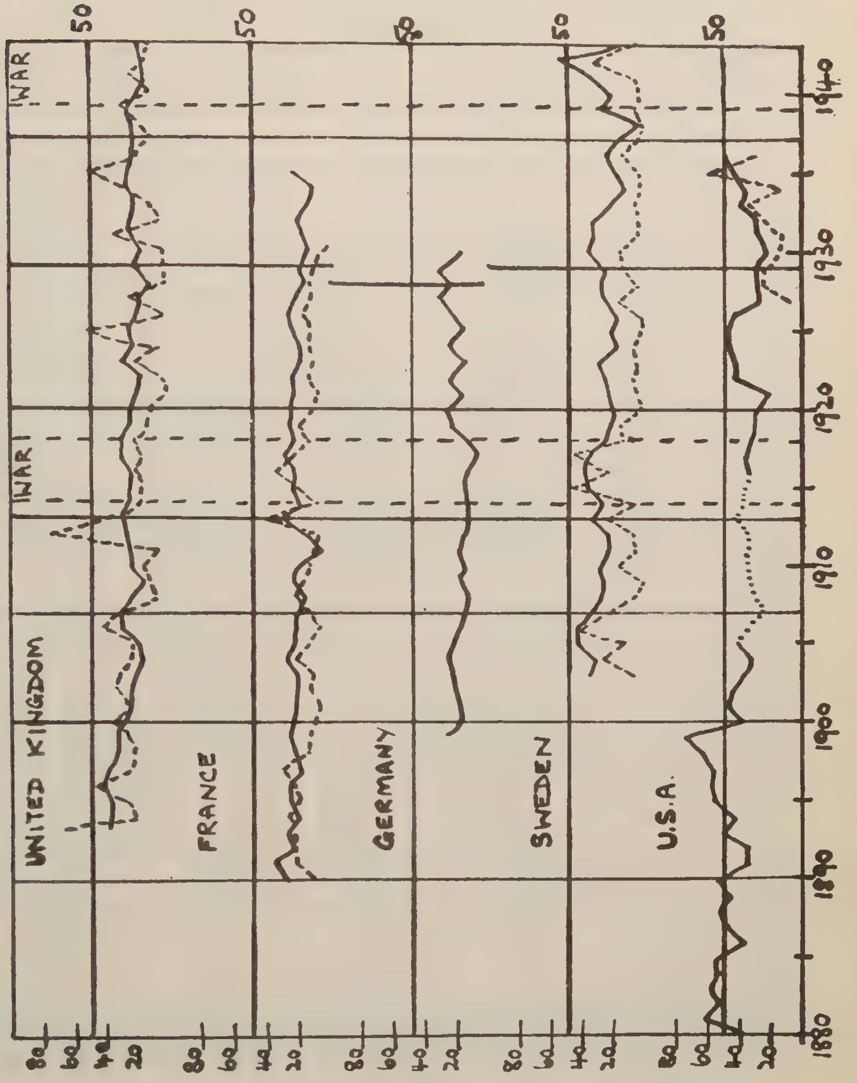
[1] The trend in the different groups is quite distinct : there are not several changes as we found in the strength of the movement and its components (four periods ; see the first article in Bulletin No. 1, 1948, p. 13). We can therefore examine the original figures, instead of seven years' moving averages (and the deviations from them) ; this makes it possible to show long-term and short-term changes on the same charts.

CHART VI. Percentage of results: In Favour of Workers.



One would perhaps expect that the percentage of compromises would rise more or less steadily during the last decades, that the results in favour of the workers would increase proportionally and those in favour of the employers would decrease. But the movements as shown by our figures are different. In the main industrial European countries (in the United Kingdom, in Germany and also in France) the share of *employers' victories* is slightly falling only until about 1919 or 1920, but rising distinctly afterwards; *compromises* show an opposite movement, rising only up to about 1920, then falling.

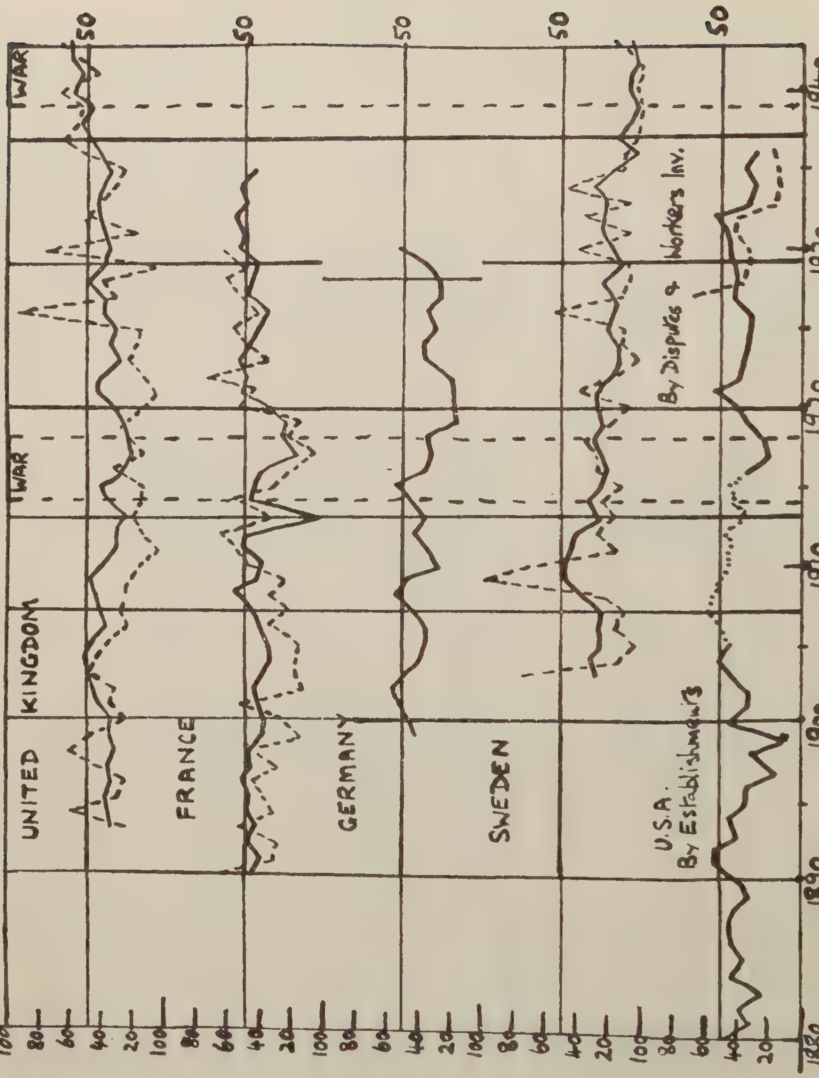


CHART VII. Percentage of results: In Favour of Employers.

An explanation of this development is—at least partly—to be found in the growing tendency to strike prevention. Fewer strikes ended by *compromise* in the later years of the inter-war period than immediately after the first World War, because differences whose solution was relatively easy were more often removed before a stoppage occurred, by arbitration, by official and semi-official mediation, and—to no small degree—by independent negotiations of the two parties, also subject to the tendency to strike prevention. Therefore the percentage of compromises fell and the percentage

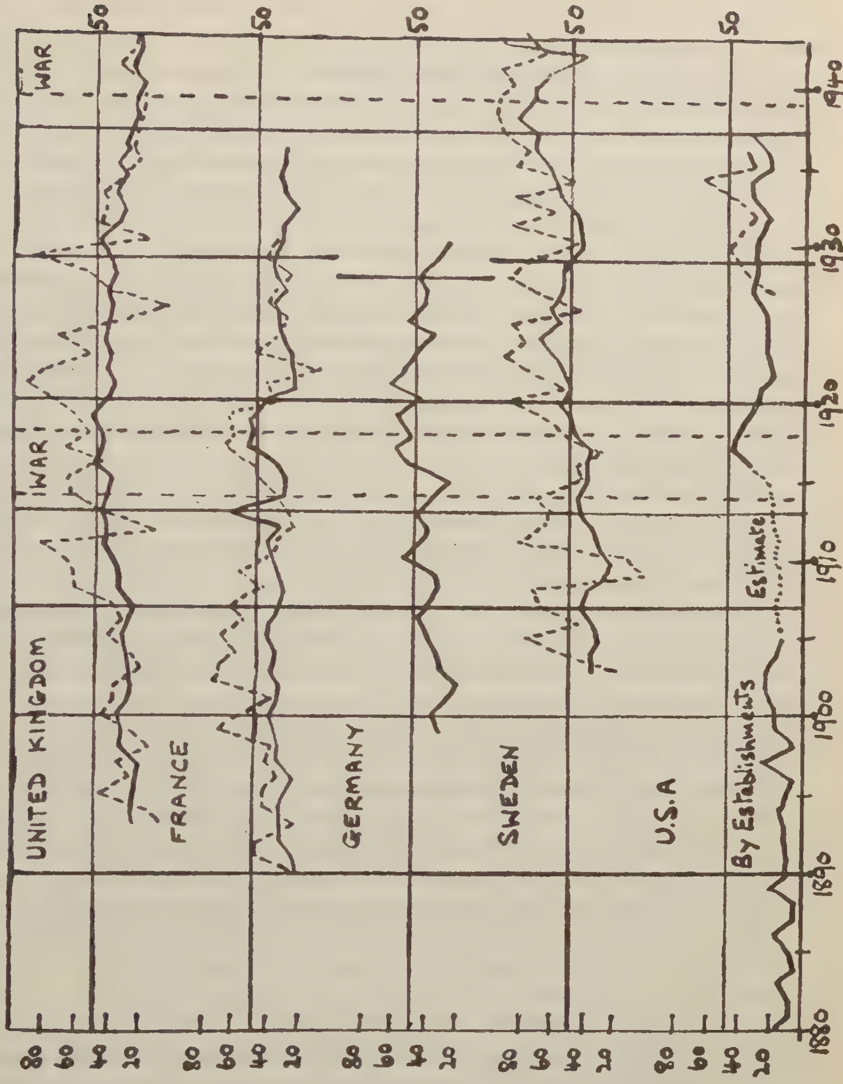


CHART VIII. Percentage of Compromises.

of the other groups should consequently have risen. It is striking, however, that it is mainly the percentage of employers' victories which seem to have profited by this fall.[2] It may be that the measures for preventing stoppages were—with certain exceptions (essential industries)—more concerned with

[2] It has to be noted that (especially in terms of workers involved) the *absolute* figures relating to compromises fell strongly, while those relating to employers' victories remained more or less unchanged since 1920 in Great Britain and similarly in France; hence the *percentage* reduction in the former and the increase in the latter group. The absolute figures relating to workers' victories fell but to a much smaller degree than the compromise figures; hence little change in the percentage figures.

an early settlement (if it was possible to improve working conditions or to avoid their worsening), than with assisting the employers in achieving their objects; but there may also be other reasons, for instance—in the United Kingdom—the preponderance in more recent years of unofficial strikes not backed by the Trade Unions and therefore more likely to be 'employers' victories ', above all, however, mass unemployment and better organisation of the employers which may have improved their position.

In *Sweden*, however, the movements are different; the percentage of compromises did indeed increase very strongly (it reached 93 per cent of all workers involved in disputes whose outcome is known in 1936–1943), while that of employers' victories decreased more or less through the whole period covered by statistics. It would require a separate study to find out the reason why the Swedish strike movement differs from that in the United Kingdom, France and Germany in this respect. The strong conciliatory spirit in settling Swedish labour disputes and perhaps a different conception of the mediator's task[1] may be some of them.

It is interesting to note that—in contradistinction to compromises and employers' victories—there is hardly any trend movement in the percentage of *workers' victories;* they remain at a comparatively low level in all the European countries[2] included in the comparison.

The statistical methods used in the *United States* in compiling result figures changed in important respects during the period in question; it is difficult therefore to judge the trend of the movements. The figures as they are suggest a rise in the percentage of compromises (which was very low at the beginning of the period) and a fall in workers' victories.

One has to be cautious in taking the percentage of compromises in settling labour disputes as significant for international differences in the conciliatory spirit. The part of arbitration, conciliation and mediation must be taken into account; but this is hardly susceptible of statistical treatment[3] and varies from country to country, thus impairing the significance of result figures for comparing their long-run trends in different countries.

All result series *by disputes* (continuous lines) are affected by the trade cycle, but least of all the results ' in favour of the workers'. The series ' in favour of the employers ', on the other hand, conform distinctly to cyclical movements in all countries; the highest point is reached in the stage of recession, one or two years after the boom, the lowest during recovery, shortly before the boom. The reaction of the compromise series is less distinct and the inverse of that ' in favour of the employers ' (a curve with the highest point in the recovery stage and the lowest in recession). This stands out most clearly in the graphs for Germany, the United Kingdom and France in the early twentieth century. The negative correlation between employers' victories and compromises (' *by disputes* ') is not surprising if we remember that there are only small fluctuations in the percentage of workers' victories (around 20 per cent of all disputes) and that, therefore, the two other groups amount together to the remaining 80 per cent, and have larger amplitudes of fluctuations.

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[1] P. H. Norgren : *The Swedish Collective Bargaining System*, Chapter VI, esp. p. 185.

[2] In the United Kingdom the percentage of workers' victories fell slightly before the first World War, there is a certain rise in terms of workers involved after 1931. There is a slight rise in Germany between 1918 and 1927.

[3] All existing statistics apply to the official machinery only, though the part of unofficial mediation is considerable ; no account is taken of the independent action of the two parties to prevent strikes. Moreover statistics do not show clearly which part of the differences was settled before a stoppage occurred.

The series in terms of *workers involved* fluctuate in general much more than those in terms of disputes, and less regularly; the fluctuations correspond much less to trade cycle movements (since the large strikes with very large numbers of workers involved follow a different pattern). But employers' victories and compromises react again more to trade cycle movements than workers' victories and the strongest negative correlation is to be found—also in terms of workers involved—between them; the correlation co-efficients amount to .82, .91 and .86 respectively in the U.K., France and Sweden, while they are insignificant between workers' victories and compromises and even between employers' victories and workers' victories. The opposite fluctuations in these series (employers' victories and compromises) stand also clearly out on Charts VII and VIII; in all European countries at least, peaks in the former series coincide generally with troughs in the latter and vice versa.

That means obviously that in the years in which the position of the workers is strong (during the upswing) there are generally not more workers' victories but more compromises, and that in the years in which the employers' position is strong there are not less workers' victories but less compromises.

If this is correct, it helps to explain to a certain extent why workers' victories (especially by disputes) fluctuate relatively little. A part of workers' achievements seems to be brought about by compromises, therefore these are the inverse of employers' victories. These two groups add up year by year to about the same percentage of all disputes, the remaining percentage (representing results ' in favour of the workers ' according to the terminology of strike statistics) stays therefore on about the same (low) level.

3. Workers' Achievements by Labour Disputes

The classification of results ' in favour of the workers ', ' compromises ', and ' in favour of the employers ' used in most countries gives the impression that ' compromises ' are in favour neither of one party nor of the other, that in a 'compromise' the mutual concessions cancel each other out, more or less. But if we try to find out the achievements gained by the workers (in order to make international comparisons) this impression is misleading, even if applied only to the Swedish ' compromises with equal concessions '. A compromise does apparently as a rule *not* mean that the workers have to give up some of their existing rights in exchange for others; it does mean—at least in a strike for improvements[1]—a gain for the workers, *compared with the situation before the stoppage.*[2] We have to bear in mind that their claims usually go further than their expectations in order to leave room for concessions in the impending negotiations. Thus a compromise may even correspond to their highest expectations. If, for instance, the workers had asked for a wage increase of 30 per cent, while the employers had offered 10 per cent before the stoppage, then a compromise granting 20 per cent (which would probably be classified by the Swedish statistics as ' equal concessions ') would mean that the workers achieved less than they claimed officially (perhaps just what they had hoped for), but in any case it means that they made a more or less substantial gain, that they achieved something.[3]

A compromise in a ' defensive ' strike may, however, be interpreted to mean the opposite : the employers ' get ' less than they claimed but anyhow a part of it; as a rule, they and not the workers gain by a compromise. But it is not quite as simple as this. The ' demand ' for a wage cut (as starting point for assessing the achievements won by a compromise) is not just the inverse of workers' demands for higher wages. Employers sometimes demand a wage cut by decreeing it. In such cases the demand for a wage cut by the employer may not be inflated, or not inflated to the same extent as the workers' demand in an ' aggressive ' strike. (In a ' defensive ' strike the workers will often oppose officially *any* wage decrease at this stage in order to get the cut reduced). From this point of view some compromises in ' defensive ' strikes may indeed be rather achievements of the workers in relation to the real demands of the parties.[4]

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[1] I shall denote such disputes, according to the terminology used especially in the T.L.O. and American literature as 'aggressive' strikes (in which the workers attempt to effect their purposes) in contradistinction to ' defensive ' strikes (in which they defend themselves against employers' demands). This distinction is quite clear as to disputes concerned with wages and hours, from which the following instances are taken, but—with exceptions—it could also be made in respect to other disputes (sympathetic strikes, disputes about Trade Unionism, about questions of victimisation, and about other working arrangements, rules and discipline) since it is, as a rule, *one* of the parties concerned which wishes to alter the *status quo*. But—as far as the existing statistics make such a distinction (in the classification of disputes by causes)—this applies only to wages (wage increases—wage decreases) and in U.S.A. to hours.

[2] One could object that the real issue would rather be *what did the workers gain by strikes compared with the situation which would have prevailed if there had been no strike* ? But it is impossible to answer this question by means of strike statistics or otherwise. The situation before the stoppage does not mean just the working conditions at that time. The official statistics are based on the last claims (or concessions) put forward by the two parties just before the strike broke out. If one party did not deviate substantially from its former position the result is classified as its victory (' in favour of the workers ' or ' in favour of the employers ') ; if the outcome lies in between, substantially remote from both positions, the result is classified as a compromise. Here is at least a ground to stand on.

[3] This is acknowledged by the classification of results in official American strike statistics: since 1927, the group ' compromise ' is termed ' partial gains or compromises ', the other groups being termed ' substantial gains to the workers ' (previously : ' favourable to workers ') and ' little or no gains to the workers ' (previously : ' unfavourable to workers '). It has to be noted that the new classification embraces both ' aggressive ' strikes and ' defensive ' strikes, though in the latter case the term ' gains ' is not adequate.

[4] It is impossible to estimate the relative degree to which demands on each side are 'inflated'. This consideration impairs to some extent the assumption that a compromise in a ' defensive ' strike is generally in favour of the employers. It has to be admitted that if the ' real ' (not inflated) claims of the parties are taken into account, there is an element of speculation about what would have happened if there had been no strike.

In fact we have no figures giving the results of ' aggressive ' strikes and of ' defensive ' strikes separately. When estimating the achievements of the workers by disputes in various countries for the sake of international comparisons we shall therefore, as a first approach, add *all* compromises to the results ' in favour of the workers ', or, to put it more convincingly, take the results ' in favour of the employers ' as the most significant indication of the *failure* of the workers to achieve their aims by disputes, and the rest as the only available basis for estimating the *achievements* of the workers. At least we can accept this approach as working hypothesis.

Many observations we made in the course of the preceding analysis indicate that this very rough method may not be too far off the mark : the large percentage of workers' victories in the United States corresponds with a small percentage of compromises, and the opposite is the case in Sweden ; when the percentage of compromises went up in U.S.A. the percentage of results ' in favour of the workers ' (later termed ' substantial gains to the workers ') decreased, according to the figures available; and so on. Generally, in years in which Labour's position is strong, it is mainly the percentage of compromises which increases in the European countries. Our working hypothesis that compromises are in the main favourable to the workers seems therefore plausible enough.[1] If we accept it we get the following picture of international similarities and differences in the *real* results of Labour disputes.

TABLE IV

International Comparison of Workers' Achievements by Disputes

Results ' in favour of the workers ' plus compromises as percentages of all disputes whose results are known.*

	By disputes	*By workers involved*
United Kingdom	66	81
France	60	60
Germany	66	—
Sweden	76	81
U.S.A.	59†	—

* ' Common Period ' (about 1901–1935) ; the years of large General Strikes eliminated.

† In U.S.A. ' by establishments ' from 1880 to 1915 ; since 1927 somewhat different terminology of classification.

The workers achieved the best results in Sweden and in the United Kingdom, and—judged from the figures ' by disputes '—in Germany; these are the countries in which labour was strongly organised. On the other hand, the figures for the countries with a relatively weaker position of labour are distinctly lower : in France and in U.S.A. (the latter judged from results ' by disputes ', and partly ' by establishments ').

On the whole it can be assumed that all the figures are somewhat too high, because of the different meaning of compromises in ‘ defensive ’ and in ‘ aggressive ’ strikes. But this does not completely impair the validity of the figures for international comparisons because it applies to all countries alike. It is true that the ratio of ‘ defensive ’ strikes to ‘ aggressive ’ strikes and of the share of compromises in them vary somewhat from country to country, but it is doubtful whether these differences are large. Moreover, ‘ defensive ’ strikes probably do not amount to more than 20—30 per cent of all disputes (the percentage may—it is true—be somewhat higher if we take the figures of workers involved in them).

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[1] It might possibly be maintained that compromises are to an important extent concealed *employers'* victories. On this view, while E+C (*i.e.* employers' victories+compromises) remains more or less constant as a proportion of all strikes, whether employers win outright (E) or indirectly (C) would depend on the state of the market (from this view it would rather be the proportion of compromises which are the best indication of workers' achievements). For the reasons given above, I do not concur with this view.

I do not know any more exact method to assess the achievements of the workers in Labour disputes for international comparisons. In any case the percentage numbers of results ‘ in favour of the workers ’ or their relation to those ‘ in favour of the employers ’ provide no basis for comparison.

K. Forchheimer.

TABULAR APPENDIX.

EDITORIAL NOTE

Tables comparing the broad trends of production, prices and wages, the volume of foreign trade and the supply of coal for a number of European countries, the United Kingdom and the U.S.A. are given below. For some countries more up-to-date figures are available than for others. These time lags will, it is hoped, be reduced in future and the tables will be extended when more information becomes available. This index numbers are based as far as possible on 1938.

Explanation of symbols :

... the figure is not available.

(—) figures provisional or approximate.

– figure is negligible.

TABLE I. *Industrial Production* (*or Employment*)
Index Numbers 1938=100

Index Numbers	Monthly	Averages			1948				
	1939	1945	1946	1947	Feb.	Mar.	April	May	June
Industrial Production[1]									
U.S.A.[2]	122	228	191	210	218	215	211	215	216
United K.[3]	104[13]	...	100	108	123	118	123	118	124
France[4]	...	46	81	95	112	112	113	117	...
Belgium	107	38	88	105	113	119	122	116	...
Netherlands	111	30	73	92	98	106	105	102	...
Denmark	105	74	101	112	125	124	124	123	121
Sweden	106	91	110	111	114	115	116	115	...
Norway[4]	107	69	100	115	132	129	130	139	...
Finland[5]	...	52	70	86	...	...	...	...	...
Poland[6]	...	...	79	104	133	128	...	...	...
Bulgaria	106	...	122	141	136	145	...	...	...
Italy[7]	100	...	47	61	62	66	66	...	...
Germany[8]	...	...	33	38	45	48	50	45	...
Austria[9]	...	...	...	61	75	81	86	90	...
Industrial Employment :									
Switzerland[10]	98	110	123	134	...	136	...	...	137
Czecohslovakia[11]	...	...	86	95	100	99	100	...	...
Great Britain[12]	100	100	97	104	107	107	107	106	106

Sources : Official Statistics. For *Belgium* : Institut de Recherches Economiques et Sociales, Louvain ; for *Sweden* : Sveriges Industriförbund ; for *Finland* : Unitas ; for *Germany* : Control Commission (British Element) ; for *Italy* : Confederazione Generale del' Industria Italiana ; for *Austria* : Monatsberichte des Oest. Institutes für Wirtschaftsforschung.

[1] Mining and Manufacturing, except Denmark (manufacturing only), and Netherlands (mining, manufacturing and public utilities) ; see also Note 3.

[2] Adjusted for seasonal variations.

[3] Interim Index of industrial production (mining, manufacturing building and public utilities) 1946=100.

[4] Adjusted for number of working days. [5] Total (export and home) industry.

[6] New series. [7] 1939=100 Provisional figures. [8] Bizonal Area. 1936=100.

[9] Revised series. Industrial key materials and consumer's goods industries. 1937=100.

[10] Wage earners employed in manufacturing and building. Quarterly figures.

[11] Total employment in manufacturing, mining and building, 1937=100.

[12] Employment (including employers and self-employed) in manufacturing. June 1939=100 ; all annual figures refer to June. [13] 1938.

TABLE II

Wholesale Prices[1]

Index Numbers : 1938=100

Index Numbers		Monthly Averages 1939	1945	1946	1947	1948 Jan.	Feb.	Mar.	April	May	June	July
U.S.A.	a[2]	98	135	154	193	211	205	205	207	208	211	214
U.K.	a	101	167	173	189	209	214	214	216	217	219	219
	b[3]	91.5	138	142	155	172	176	177	178	179	180	180
France	a	105	375	648	989	1463	1537	1536	1555	1653	1691	1698
	b	92	(275)	189	289	427	249	249	252	268	274	275
Holland	a	102	177	245	266	273	273	273	273	273	...	...
	b	99	(122)	169	183	187	187	187	187	187	...	...
Switzerland ...	a	104	206	201	209	220	220	220	219	219	219	218
	b	103	...	204	213	224	224	224	223	223	223	222
Sweden	a	103	174	168	179	187	189	190	193	194	194	...
	b	98	...	173	199	205	208	209	213	214	214	...
Denmark	a	105	190	187	207	216	217	218	221	226	229	230
	b	98	...	180	198	206	207	208	210	216	218	219
Norway	a	102	177	169	175	180	180	180	181	181	182	...
	b	97	...	138	144	147	147	147	148	148	149	...
Finland	a	106	386	605	724	904	911	946	950	960	971	...
	b	98	...	207	248	308	311	323	324	327	331	...
Czechoslovakia ...	a	115	173	295	313	322	322	322	322	324	(327)	...
	b	114	...	170	181	187	187	8187	187	188	(190)	...
Italy	a	...	...	...	5158	5373	5352	5318	5241	5185	...	...

[1] Prices expressed in national currencies and in U.S. dollars at official rates.

[2] a=in national currency. [3] b=in U.S. currency.

TABLE III. *Wages*

Index Numbers[1]	Monthly Averages 1939	1945	1946	1947	1948 Jan.	Feb.	Mar.	April	May	June
U.S.A.[2]	101	163	173	195	205	205	206	206	207	210
United Kingdom[3] ...	...	149	161	168	174	174	175	175	175	176
Switzerland[4] ...	100	146	160	174	...	...	180	...	...	181
France[5]	...	328	448	525	...	...	...	...	...	...
Netherlands[6] ...	100	131	163	168	175	175	175	...	...	...
Czechoslovakia[7] ...	100	182	304	314	317	317	317	...	...	...

[1] Base periods : U.S.A. and France : 1938=100 ; United Kingdom : September 1939=100 ; Switzerland : January–August 1939=100 ; Netherlands : 1938–9=100 ; Czechoslovakia : March 1939=100. [2] Average hourly earnings in manufacturing. [3] Weekly wage rates; Ministry of Labour (all industries). [4] Hourly rates in industry ; quarterly figures. [5] Hourly rates for men in Paris. The annual figures refer to October. [6] Hourly rates in industry. [7] Hourly rates in manufacturing.

TABLE IV. *Foreign Trade* Volume Index (Deflated Values : 1938=100)

Index Numbers		Monthly Averages 1939	1945	1946	1947	1948 Jan.	Feb.	Mar.	Apr.	May	June
U.S.A.	Imports	114	130	139	133	149	150	164	134	140	...
	Exports	105	183	191	255	202	197	212	209	206	...
U.K.	Imports	97	62	69	77	...	...	80[1]	...	...	81[2]
	Exports	94	46	99	108	...	...	126[1]	...	...	134[2]
France	Imports	88	34	112	117	...	...	...	...	...	...
	Exports	99	10	43	82	...	...	...	...	...	...
Switzerland ...	Imports	118	31	105	147	173	146	175	166	151	156
	Exports	97	57	101	115	96	101	120	123	121	126
Denmark	Imports	98	21	86	82	68	64	65	88	63	79
	Exports	101	32	60	68	54	75	70	57	59	58
Sweden	Imports	117	30	94	124	...	...	118[1]	...	...	...
	Exports	108	50	66	73	...	...	65[1]	...	...	...
Norway	Imports	111	46	78	117	71	86	88	100	94	...
	Exports	108	19	61	81	84	89	77	93	82	...
Italy[4]	Imports	...	...	40	75	79	49	72	...	...	...
	Exports	...	...	30	54	73	69	92	...	...	...
Poland	Imports[3]	...	97[5]	159	128	133	150	152	...	...	...
	Exports	...	17[5]	34	55	76	72	80	...	...	...
Czechoslovakia[6] ...	Imports	...	...	35	77	...	...	...	...	...	...
	Exports	...	...	26	56	...	...	...	...	...	...
Hungary	Imports	...	1	16	52	62	76	62	65	77	58
	Exports	...	...	15	26	35	33	42	36	64	40
Austria[6]	Imports	...	...	...	24	34	36	39	43	42	...
	Exports	...	...	...	29	31	37	48	49	52	...

[1] Average of 1st quarter. [2] Average of 2nd quarter. [3] Incl. U.N.R.R.A. deliveries. [4] 1935=100. [5] Monthly average of 3rd and 4th quarter. [6] 1937=100.

TABLE V. *Production of Steel* (*Ingots and Castings*)

Thousand metric tons	Monthly Averages 1937	1938	1946	1947	1948 Jan.	Feb.	Mar.	Apr.	May	June
U.S.A.	4282	2400	5035	6410	6779	6295	6900	5640	6857	6581
Great Britain ...	1101	881	1074	1057	1142	1175	1478[1]	1195	1191	1501[1]
France	660	518	367	479	553	564	627	652	598	615
Belgium	322	190	190	241	314	293	327	336	306	231
Luxembourg ...	209	120	108	143	166	170	195	201	183	209
Sweden	94	83	101	99	103	107	104	118	96	...
Poland	122	120	102	132	155	147	154	164	...	...
Czechoslovakia ...	192	153	139	190	216	205	225	233	220	225
Hungary	55.4	54.0	29.4	49.7	59.8	58.5	...	...	...	...
Italy	175	194	96	142	142	164	183	184	181	...
Austria	54.1	...	15.6	29.7	47.0	46.8	49.4	49.6	42.4	59.2
Germany										
Bisone ...	1353[2]	...	248	296	362	360	408	432	384	378[3]
French Zone ...	...	...	25	63	64	81	85	92	95	...

Source : U.N.O. Monthly Bulletin and other official statistics.

[1] Five weeks. [2] 1936. [3] Without castings.

TABLE VI. *Coalmining and Supplies*

A. Hard Coal Output

Monthly Figures or Averages[1]

Million metric tons ...	Average 1946	Average 1947	1948 Jan.	1948 Feb.	1948 Mar.	1948 April	1948 May	1948 June	1948 July	July as % of m. av. 1937
U.S.A.[2]	44.9	51.1	55.1	49.3	35.2	35.4	55.7	52.4	47.8	127
United Kingdom ...	16.1	17.0	16.7	16.7	19.9[4]	17.3	16.0	21.3[4]	15.6	77
West Germany[3] ...	4.5	5.9	6.6	6.4	7.2	7.0	5.9	7.4	7.8	68
France[2]	3.9	3.8	4.6	4.1	4.3	5.1	4.8	(5.2)	(5.2)	(108)
Saar	0.7	0.9	1.0	0.9	0.9					
Belgium	1.9	2.0	2.2	1.7	2.3	2.3	2.1	2.3	2.0	80
Holland	0.7	0.8	1.0	0.9	1.0	1.0	0.8	0.9	1.0	80
Poland	3.9	4.9	5.7	5.2	5.8	5.8	5.0	5.8	6.1	110
Czechoslovakia ...	1.2	1.4	1.5	1.4	1.6	1.6	1.4	1.5	...	109[6]

B. Total Imports of Solid Fuels including Bunkers (ton for ton). Monthly Figures or Averages

Thousand metric tons ...	Average 1946	Average 1947	1948 Jan.	1948 Feb.	1948 Mar.	1948 April	1948 May	1948 June	1948 July	July as % of m. av. 1937
France	867	1283	1234	1467	1448	1033	1298	1826	1964	79
Belgium	262	462	473	421	465	236	134	177	154	23
Holland	268	330	220	300	448	277	240	344	376	49
Luxembourg ...	154	187	233	231	221	242	218	216	293	93
Norway	157	203	77	128	182	187	160	154	213	74
Denmark	314	363	291	240	351	369	249	271	296	59
Sweden	287	495	542	557	553	539	587	674	709	95
Switzerland ...	128	210	273	199	242	259	225	267	207	71
Italy	471	749	673	403	813	452	564	809	855[7]	...
Finland	68	132	124	43	49	185	290	292	254	136
Portugal	48	76	47	53	81	53	72	76	55	49

C. Exports of Solid Fuels excluding Bunkers (ton for ton). Monthly Figures or Averages.

Thousand metric tons	Average 1946	Average 1947	1948 Jan.	1948 Feb.	1948 Mar.	1948 April	1948 May	1948 June	June as % of m. av. 1937
U.S.A.	4105	5919	3506	3348	2972	1575	...	...	...
Thereof to Europe ...	1370	2811	2307	1939	2288	861	926	1672	...
U.K.	385	94	293	340	436	771	1039	1156	32
West Germany[3]	972	880	1054	1332	1517	1222	1072	1753	56
France	32	38	10	10	42	43	70	60	27
Saar[5] ...	119	115	24	31	27	38			
Belgium ...	78	172	123	102	128	93	137	139	26
Holland... ...	36	48	108	69	73	93	86	85	15
Poland ...	1277	1900	2210	2088	2350	2548	2400	2501	...
Czechoslovakia	55	131	225	188	188	256	256	245	57

Source : European Coal Organisation ; United Nations Monthly Bulletin of Statistics.

[1] Calendar months.

[2] Including a small quantity of lignite.

[3] British Zone.

[4] Five weeks ; other months four weeks.

[5] Figures for 1946 and 1947 include exports to France.

[6] June.

[7] July 1st—24th, only.